

## LNF & IHCIF Calculations Illustration

### - Abs Shawnee in Oklahoma area -

#### Given Data

- 4,451 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 15% = % Expenditures on purchased services, 85% = % expenditures in-house
- 94.4% = Cost index for purchasing health care in this geographic area
- 114.3% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$422 per person for purchased services =  $15\% * 94.4\% * \$2,980$
- \$2,896 per person for in-house services =  $85\% * 114.3\% * \$2,980$
- \$3,318 per person total = \$422 (purchase) + \$2,896 (in-house)
- **\$3,216 per person total** adjusted for health status =  $\$3,318 * 96.9\%$
- **\$2,471 per person net cost** =  $\$3,216 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 4,451 users excluding wrap-around and collections)

- \$903 per person = local IHS allowance (excludes \$ for wrap-around)
- \$77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,034 per person for OU users** =  $\$903 + \$77 + \$54$

#### LNF Calculation

- **32.2% Gross LNF** =  $\$1,034$  (expenditures) /  $\$3,216$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **41.8% Net LNF** =  $\$1,034 / \$2,471$  net cost ( $\$3,216 - \$745$  other)

#### IHCIF Allocation

- \$1,996,619 = \$ to raise LNF% from 41.8% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$69,642 Allocation** =  $\$1,996,619$  needed for 60% \* 3.488% IHCIF fraction

#### Abs Shawnee Unmet Needs

- **\$10,998,328 Net Total Need** = 4,451 users \* \$2,471 net cost
- **\$6,395,950 Net Unmet Need** =  $(100\% - 41.8\% \text{ LNF}) * 4,451 \text{ users} * \$2,471 \text{ net cost}$